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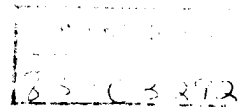
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 18, 1983



LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer
See Distribution

SUBJECT: Treasury draft bill/Discontinues or amends
certain requirements for agency reports to
Congress

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than cob Tuesday, May 10, 1983.

Questions should be referred to Jim Murr (395-4870).

5-12-83 ^{AM} Telephoned
"no objection" to Murr's
office.



Enclosure

cc: Dick Eisenger
Cecelia Wirtz
Rob Veeder
Jim MacRae

William G. Maxwell
William A. Maxwell for
Assistant Director for
Legislative Reference

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THE DEPUTY SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

Dear Mr. President:

There is transmitted herewith a draft bill, "To discontinue or amend certain requirements for agency reports to Congress," along with an Analysis of the need for this bill and its effect.

The purpose of the above proposed legislation is to reduce statutory reporting requirements in an effort to decrease the cost associated with such requirements and to eliminate unnecessary paperwork. The proposed bill would eliminate several reports which the Department is currently required by statute to provide. Because the information contained in these reports is readily available in other sources, the costs of the reports outweigh their usefulness. Therefore, elimination of these reporting requirements would reduce critical budget expenditures without sacrificing the availability of the information. Furthermore, the availability of the information in other sources ensures that elimination of the reporting requirements would not harm Congressional review and oversight functions.

The Department's position adheres to both the spirit and literal words of the Paperwork Reduction Act of 1980, Public Law 96-511, 44 sec. U.S.C. 3501, et seq., which was enacted, among other things; (1) to minimize the Federal Paperwork burden for individuals, corporations and businesses; (2) to minimize the cost to the Federal Government of collecting, maintaining, using, and disseminating information; (3) to maximize the usefulness of information collected by the Federal Government. Indeed, under this Act the Department has an affirmative duty to eliminate "information collections which seek to obtain information available from another source within the Federal Government" and to reduce, to the extent practicable and appropriate, the burden on persons who will provide information to the Department. 44 U.S.C. sec. 3507(a)(1).

In summary, the Department strongly urges the enactment of the proposed legislation. It would eliminate several unnecessary reporting requirements and is consistent with the goals of the Paperwork Reduction Act of 1980 -- to reduce the cost of reporting requirements and eliminate unnecessary paperwork. Moreover, the proposed legislation would reduce budget expenditures at a time when the Department is facing budgetary and personnel reductions.

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It will be appreciated if you will lay the enclosed draft bill before the Senate. An identical proposal has been transmitted to the Speaker of the House of Representatives.

The Office of Management and Budget has advised that the proposed legislation is in accord with the President's program.

Sincerely,

R. T. McNamar

The Honorable
George Bush
President of the Senate
Washington, D.C. 20510

Enclosure

A BILL

To discontinue or amend certain requirements for agency reports to Congress.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That section 4(c) of the International Investment Survey Act of 1976, Public Law 94-472, (90 Stat. 2059, 2060; 22 U.S.C. 3103(c)), as amended, is further amended --

(a) by striking "five years" in paragraph (1) and inserting in lieu thereof "ten years"; and

(b) by repealing paragraph (2).

SEC. 2. Chapter 3, section 31 of the Act of December 30, 1970, Public Law 91-599, entitled "To authorize United States participation in increases in the resources of certain international financial institutions, to provide for an annual audit of the Exchange Stabilization Fund by the General Accounting Office and for other purposes" (84 Stat. 1657; 22 U.S.C. 286b-1), is amended --

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(a) by striking out numeral "(1)";

(b) by striking out the comma following the word "country" and inserting a period in lieu thereof; and

(c) by striking out the remainder of the provision.

SEC. 3. Section 4 of the Act of October 10, 1978, Public Law 95-435, entitled "To amend the Bretton Woods Agreements Act to authorize the United States to participate in the Supplementary Financing Facility of the International Monetary Fund" (59 Stat. 512; 92 Stat. 1052; 22 U.S.C. 286e-9), as amended, is amended --

(a) by striking out the designator "(a)" in subsection (a); and

(b) by repealing subsection (b).

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SEC. 4. Section 208(e) of the Airport and Airway Revenue Act of 1970, Public Law 91-258 (84 Stat. 250; 49 U.S.C. 1742(e)), is amended --

(a) by repealing paragraph (1);

(b) by inserting "hold the Trust Fund and" after the words "It shall be duty of the Secretary of the Treasury to" in paragraph (2)(A);

(c) by redesignating paragraph (2) as paragraph (1); and

(d) by redesignating paragraph (3) as paragraph (2).

SEC. 5. Section 209(e) of the Highway Revenue Act of 1956, Public Law 86-342 (70 Stat. 399; 23 U.S.C. 120 note (e)(1)), is amended --

(a) by repealing paragraph (1);

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(b) by inserting "Hold the Trust Fund and" after the words "It shall be the duty of the Secretary of the Treasury to" in paragraph (2); and

(c) by redesignating paragraphs (2) through (4) as paragraphs (1) through (3).

SEC. 6. Subtitle I, section 9602 of the Black Lung Benefits Revenue Act of 1981, Public Law 97-119, (95 Stat. 1638; 26 U.S.C. 9602(a)) is amended --

(a) by repealing subsection (a); and

(b) by redesignating subsections (b) through (d) as subsections (a) through (c).

SEC. 7. Section 203(c) of the Act of October 21, 1978, Public Law 95-502, entitled "To amend the Internal Revenue Code of 1954 to provide that income

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from the conducting of certain bingo games by certain tax-exempt organizations will not be subject to tax, and for other purposes" (92 Stat. 1697; 33 U.S.C. 1801(c)); is amended --

(a) by deleting paragraph (1);

(b) by redesignating paragraph (2) as paragraph (1); and

(c) by inserting in paragraph (2)(A) the words "to hold the Trust fund and "after the words "It shall be the duty of the Secretary".

SEC. 8. Title III, section 303(c) of the Act of October 14, 1980, Public Law 96-451; entitled "An act to amend the Federal Boat Safety Act of 1971 to promote recreational boating safety through the development, administration, and financing of a national recreational boating safety improvement program, and for other purposes" (94 Stat. 1991; 16 U.S.C. 1606a) is amended --

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(a) by deleting paragraph (1);

(b) by redesignating paragraph (2) as paragraph (1); and

(c) by inserting in paragraph (1)(A) the words "to hold the Trust Fund and" after the words "It shall be the duty of the Secretary of the Treasury."

SEC. 9. Section 402 of the Act of November 13, 1966, Public Law 94-273, entitled "An Act to provide equitable tax treatment for foreign investment in the United States, to establish a Presidential Election Campaign fund to assist in financing the costs of presidential election campaigns, and for other purposes" (80 Stat. 1590 (31 U.S.C. 757f); is amended --

(a) by deleting the following words in the first sentence of this section, "indirect

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liabilities not included as a part of the public debt, and liabilities of insurance and annuity programs, including their actuarial status"; and

(b) by deleting the comma after the words "Government corporations' liabilities" and inserting in lieu thereof a period.

10. SEC. 10. Section 3 of the Act of November 21, 1974, Public Law 93-502, entitled "To amend section 552 of Title 5, United States Code, known as the Freedom of Information Act" (88 Stat. 1564; 5 U.S.C. 552(d)) is amended --

(a) by striking out paragraphs (3) and (7) thereof and by redesignating paragraphs (4) through (6) as paragraphs (3) through (5), respectively;

(b) by inserting the words "subsequent to the most recent report required by this

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subsection" immediately after the word
"agency" in paragraph (4) thereof (as
redesignated by this section); and

(c) by inserting in paragraph (5) thereof (as
redesignated by this section) the words "if
such schedule has been revised by the agency
subsequent to the most recent report required
by this subsection" immediately after the word
"schedule" and by striking out "; and" at the
end thereof and inserting in lieu thereof a
period.

11. SEC. 11. Section 613 of the Act of September 4,
1961, Public Law 87-195, entitled "The Foreign Assistance
Act of 1961," 75 Stat. 443; 22 U.S.C. 2353(c), is amended --

(a) by repealing subsection (c); and

(b) redesignating subsection (d) as
subsection (c).

ANALYSIS

Section 1

Section 1 of the proposed legislation would reduce the reporting requirements presently imposed by the International Investment Survey Act of 1976, as amended (Act), Public Law 94-472, 22 U.S.C. sec. 3101, et seq. Section 4(c)(1) of the Act, 22 U.S.C. sec. 3103, presently requires the President to compile a benchmark survey of foreign portfolio investment in the United States every five years. The first benchmark survey conducted under the authority of this Act compiled data for year end 1978 and was issued in 1980. The next benchmark survey must compile data for year end 1983. The Department's proposed legislation would require that this benchmark survey be conducted only every ten years. The two main reasons for this proposal are (1) the adequacy of data compiled by the regular Treasury International Capital (TIC) Reporting System and (2) the high costs and reporting burden imposed upon both the Government and the reporting businesses (8,000 - 10,000 banks, corporations and brokerage firms).

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The Treasury International Reporting System collects data on a monthly, quarterly, and semi-annual basis from banks, brokers, corporations, and others involved in financial transactions with foreigners. Data collected from these sources are published in the Treasury Bulletin and contain information on claims and liabilities vis-a-vis foreigners, including claims and liabilities of bank and nonbank enterprises and purchases and sales of U.S. securities (bonds and stocks). These data are used to estimate gross and net international portfolio positions of the United States for the intervening years between benchmark surveys of the type required presently by the International Investment Survey Act. Comprehensive benchmark surveys have been completed as of the end of 1974 and 1978. By using the data collected from the 1974 survey, and updating it with the ongoing data collected by the TIC system, figures can be derived which should yield the gross foreign portfolio investment level in the U.S. at any given point in time, and in fact when the figures thus derived were compared to the figures obtained during the survey of 1978, the difference was less than \$1 billion out of a total reported portfolio investment position of nearly \$318 billion, an

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error which is statistically insignificant. This indicates that benchmark surveys are not needed every five years to maintain the accuracy of the Government's estimates of foreign portfolio holdings in the United States, and that a benchmark survey conducted every ten years would be sufficient to provide a periodic check on the level and composition of foreign portfolio investment in the United States.

Aside from the significant cost to the responding businesses, it is estimated that the next benchmark survey, which is required by the International Investment Survey Act to be compiled in 1983, would cost the Government approximately \$2.5 million and require a staff of 30 full-time employees during the two years needed to complete the benchmark survey. The proven accuracy of the ongoing data collection systems, the availability of the data collected, and the significant cost of the benchmark surveys, reinforce the Department's position that the International Investment Survey Act should be amended so that benchmark surveys are required every ten years.

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In addition, section 1 of the proposed bill eliminates the reporting requirement in section 4(c)(2) of the International Investment Survey Act of 1976 which is redundant. Section 4(c)(2) presently requires annual reports pertaining to United States portfolio investment abroad. However, information reported by banks in the United States concerning claims on foreign residents (i.e., loans to foreigners and deposits abroad, which constitute the largest single share -- nearly 60 percent -- of total U.S. portfolio investment abroad) is already collected monthly by the Department of the Treasury and published in the Treasury Bulletin. This information is also published by the Federal Reserve Board in the Federal Reserve Bulletin and by the Commerce Department in the "Survey of Current Business." The information published in these three sources provides great detail on the distribution of bank claims, including the type of holding and geographic area. Likewise, these same data are available for portfolio investment by nonbank U.S. enterprises (roughly 7 percent of total U.S. holdings). In addition, purchases and sales of foreign bonds and stocks, which constitute only 9 percent

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and 4 percent, respectively, of U.S. portfolio holdings abroad, are reported regularly by U.S. brokerage houses to the Department of the Treasury and published regularly by the Department. The Federal Reserve Board and the Commerce Department also publish this information in the three aforementioned sources. Moreover, the Commerce Department provides an annual report on the U.S. international investment position (generally the August issue of the Survey of Current Business) in which outstanding U.S. holdings of foreign bonds and stocks (i.e., the sum of previous annual net purchases) are adjusted for price changes.

In summary, there is a comprehensive and continuous reporting system on U.S. portfolio holdings abroad and the annual Treasury report presently required by section 4(c)(2) of the International Investment Survey Act of 1976 provides no significant improvement in the scope or content of the data.

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Section 2

Section 2 of the Department's proposed legislation would eliminate the annual report required by Chapter 3, section 31 of Public Law 91-599, 22 U.S.C. 286b-1. This Act requires the National Advisory Council on International Monetary and Financial Policies (NAC) to include in its annual report to Congress a statement on the steps taken jointly and individually by member countries of the Inter-American Development Bank to restrain their military expenditures and to preserve and strengthen free and democratic institutions. The Department views the NAC report as obsolete and duplicative of material reported by the Agency for International Development (AID) under section 620(s) of the Foreign Assistance Act of 1961, as amended, and by the Arms Control and Disarmament Agency in a periodic report entitled "World Military Expenditures and Arms Transfers."

Section 3

Section 3 of the Department's proposed legislation would eliminate the annual report required by section 4 of Public Law 95-435, 92 Stat.1052, 22 U.S.C. 286e-9. Pursuant

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to this section, the U.S. Governor of the International Monetary Fund (Fund) must evaluate, to the maximum extent feasible, the effect of policies adopted under standby-arrangements on basic human needs in each country concerned. Pursuant to this provision, the Secretary of the Treasury has transmitted extensive reports to the Congress in 1980 and 1981 on countries receiving financing under standby-arrangements in the Fund during each of the two years. The proposed amendment of the law would delete this country-by-country reporting requirement, for which it is widely recognized that adequate, timely data are often not available and for which meaningful analysis is not feasible. The value of the reports, which are often prepared on extremely short notice, is doubtful, and the Department has testified to that effect before Congressman Neal's Subcommittee on International Trade, Investment and Monetary Affairs of the House Banking Committee. The amended provision would instead require a general annual assessment (with such detail as may be useful and available) of the likely impact of policies adopted pursuant to the Fund's

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programs on basic human needs. This assessment would be included in the section of the annual NAC report dealing with basic human needs considerations and the Fund.

Sections 4-8

Sections 4 through 8 of the Department's proposed legislation would eliminate the annual reports presently required to be compiled by the Secretary of the Treasury on various programs financed through trust funds (Airport/Airway, Highway, Black Lung, Inland Waterways, and Reforestation). These trust fund reports are superfluous to a large extent because information on their performance is contained in the President's Budget. Further, receipts and outlays for these programs are the subject of separate accounting/reporting only because the Congress chose to finance them through dedicated revenues. Moreover, they do not exhibit true bilateral trustee/trustor relationships because the beneficiaries (the public or some component thereof) have no direct input into the level of program benefits or in determining how those benefits will be distributed. Nor is the trustee (the Secretary of the

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Treasury) charged with responsibilities synonymous with that title in the private sector: investment and other fiduciary decisions are more or less automatic in the context of the underlying statutes. Therefore, the Department believes that the trust fund reports are of little utility to the Congress.

Section 9

Section 9 of the Department's draft bill would amend section 402 of the Act of November 13, 1966, Public Law 94-273, 80 Stat. 1590, 31 U.S.C. 757f. Pursuant to this statutory provision the Department must submit to Congress an annual report on the "aggregate and individual amounts of the contingent liabilities and the unfunded liabilities of the Government," and is required to include indirect liabilities. This report represents an attempt by the Congress to amalgamate in one report all of the present and potential commitments of the Government. While the Department has no objection to reporting current real liabilities and obligations, aggregating these with potential commitments, e.g., the maximum risk exposure under

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Federal guaranty and insurance programs, results in distortions that significantly flaw the usefulness of the report. The Department believes that its resources can be better utilized and the public's needs better met by developing reports that reflect the true financial picture of the Government.

Section 10

Section 10 of the Department's draft bill would amend section 3 of the Act of November 21, 1974, Public Law 93-502, 88 Stat. 1564; 5 U.S.C. 552(d) to simplify the annual reports required of all agencies under the Freedom of Information Act. These amendments would result in substantial cost savings by removing unnecessary information from the required reports without reducing the significance or usefulness of reported information.

Section 11

Finally, section 11 of the draft bill would amend section 613 of the Act of September 4, 1961, Public Law 87-195, 75 Stat. 443; 22 U.S.C. 2353(c). This amendment would eliminate the seminannual report on "Inventory of

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Nonpurchased Foreign Currencies." The Department estimates that this will result in annual savings of approximately 500 hours and salary of personnel required to complete this report. In addition, printing costs of about \$4,200 would be saved.

Data in this report are included in the semiannual Treasury "Report on Foreign Currencies Held by the U.S. Government." Data on country owned foreign currencies (counterpart funds) are available in the Agency for International Development Report N. W-213, "Status of Foreign Currency Funds."